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Between 2002 and 2004, the United States accorded new prominence to political and economic reform and democratization as policy goals in the Middle East. Continuing that trend and translating rhetoric into effective strategies both depend on whether reform and democratization become fully integrated into the U.S. policy agenda in the region. Can the United States promote change at the risk of instability in the region while it remains dependent on petroleum from Arab countries? Can it pursue Arab–Israeli peace and democratization at the same time? Can the United States still secure needed military and counterterrorism cooperation if it antagonizes friendly regimes by promoting democratization as well? Is it feasible for the United States to promote democratization effectively amid widespread grievances against the war in Iraq and serious questions about U.S. human rights practices there and in Afghanistan?

The answer to all those questions is affirmative. The United States can and should seek peace, reform, and security for the region simultaneously, while continuing to buy Arab oil. Doing so, however, will require strengthening nascent aspects of U.S. policy and adding new ones. The United States should pursue these various goals separately in the first instance, without preemptively sacrificing one part of the policy agenda for another. It should also be alert to ways in which the goals can reinforce one another. The United States will also have to recognize the limits of regional approaches, such as the Broader Middle East and North Africa (BMENA) initiative, in the quest for reform and democratization. For reform to become fully integrated into the policy agenda, the United States should formulate practical, specific approaches to each country in the region—including difficult but important countries such as Egypt and Saudi Arabia, as well as easier ones such as Bahrain and Morocco—in which effective diplomatic engagement with the host government and assistance programs complement each other.

MIDDLE EAST DEMOCRACY PROMOTION BEFORE 2001

Over the last thirty years, U.S. interests in the Middle East have become more numerous and complex and now extend to the internal affairs of states in the region. Until the 1970s, the United States was interested primarily in access to petroleum, which required a stable security and political situation, and in making peace between the Arab states and Israel. In the 1980s, military and strategic cooperation became increasingly important to protect access to petroleum supplies and provide staging areas for U.S. military operations in Asia and Africa.

In the 1980s, the United States also focused increasingly on the need for economic growth as a crucial component of maintaining stability in Arab countries. Through its push for economic reform, the United States established the principle that Washington could and should engage with Arab governments about their internal affairs. The United States discussed with the governments of
Egypt, Jordan, North African countries, and even Israel reform objectives aimed at dismantling and privatizing statist economic structures, facilitating trade and foreign investment (including through accession to the World Trade Organization), and generating employment. In the 1990s, the United States undertook several high-profile initiatives including the U.S.–Egypt Partnership for Economic Growth (otherwise known as the Gore–Mubarak Commission) established in 1994, the U.S.–North Africa Economic Partnership (USNAEP) launched in 1998, and amendment of the U.S.–Israel Free Trade Agreement (concluded in 1985) to include the West Bank, Gaza, and Qualifying Industrial Zones in Jordan in 1996. The Clinton and Bush administrations focused on international trade as the engine of growth and economic reform, concluding free trade agreements with Jordan in 2000, Morocco and Bahrain in 2004, and announcing in 2003 the intention to pursue a regionwide U.S.–Middle East Free Trade Area.

Promotion of political reform in the region began to creep onto the U.S. agenda in a modest way in the early 1990s, partly as a reflection of the post-1989 global policy of democracy promotion and partly in response to limited political openings in the Middle East in the late 1970s and 1980s. From 1991 to 2001, the United States spent about $250 million on democracy programs in the Middle East, mostly in Egypt and the Palestinian territories. The goal of political reform began to appear regularly on U.S. State Department and U.S. Agency for International Development (USAID) planning documents for the region.

Unlike economic reform, however, political reform almost never made it onto the agenda of high-level discussions with Arab governments during the 1990s. With few exceptions, U.S. officials commonly assumed that pressing hard for political reform in the Middle East would be destabilizing and potentially damaging to U.S. interests. The chaotic political opening that took place in Algeria, which led to a decade of civil war after the military-dominated government prevented Islamists from winning national elections in 1991, reinforced this impression. U.S. officials generally believed that if there were to be political reform in the region, it should be gradual and driven entirely by internal forces, primarily by the middle classes and elements of civil society that were expected to arise as a result of economic reform. By the end of the decade, however, a growing body of work by scholars and experts showed that not only had economic reform not led to political reform, but that the lack of political reform was impeding progress on economic reform as well.¹

U.S. officials also assumed during the 1990s that pursuing political reform and democratization in Arab states would disrupt efforts at Arab–Israeli peacemaking, a major focus of U.S. diplomacy. The general attitude in the U.S. State Department and the White House at the time was that it was easier to cut deals with autocratic rulers than with unpredictable parlaments and electorates. Officials also believed that the ongoing Israeli–Palestinian conflict prevented Arab peoples and regimes from focusing on domestic reform. Most important, on a practical level, senior U.S. government officials consistently resisted raising internal political issues with Arab leaders, even when U.S. ambassadors in the field recommended that they do so. Senior officials deleted the issue from meeting agendas because they did not want to irritate Arab leaders, possibly damaging the prospects of getting their cooperation on the specific issues of the day related to the peace process. The result was a disjointed approach in which the United States dedicated funding to democracy assistance programs aimed at gradual, indirect change but failed to support those programs through meaningful engagement with the governments in question.
SACRIFICING REFORM FOR PEACE: THE CASES OF PALESTINE AND EGYPT

Egypt and the Palestinian Authority were two notable cases in the 1990s in which the United States implemented democracy assistance programs but failed to engage their governments seriously on relevant policy reforms. Egypt received democracy assistance because it had a large economic assistance package, a small percentage of which could easily be diverted to democracy programs, and the Palestinians because they appeared to be on the verge of founding a state as the result of negotiations with Israel. In both cases, U.S. officials considered Arab–Israeli peace to be a much higher policy priority than political reform and democratization and did little to work with governing authorities to press for policy changes related to the issues being worked through assistance programs. In both cases, by 2000 the result was failure in securing meaningful progress toward democratization or the peace deal for which democratization had been sacrificed.

U.S. democracy assistance to the Palestinians began as a result of the September 1993 Oslo agreement, which provided for an elected legislative council in the territories under the control of the Palestinian Authority. From 1994 onward, the United States made major investments in West Bank and Gaza programs to strengthen civil society organizations, judicial institutions, the Palestinian Legislative Council, and other institutions of the Palestinian Authority. There were also smaller programs to support legislative and local elections in 1996, promote decentralization of local government, and support the development of independent media. In all, the United States spent roughly $100 million on such projects in the West Bank and Gaza between 1994 and 2002.2

Despite a sizeable assistance commitment to Palestinian democratization, however, the U.S. government did little to press Palestinian leader Yasser Arafat to allow the development of a transparent, accountable, and representative Palestinian Authority. In particular, once the 1996 presidential and legislative elections—which U.S. officials viewed as a successful referendum on the Oslo process and on Arafat’s leadership—were over, policy attention to the democratization issue faded quickly. While democracy assistance programs continued, Arafat took fateful steps that stunted the development of Palestinian institutions and precluded the emergence of democratic life by refusing for nearly six years to sign a set of basic laws ratified by the elected Legislative Council in 1997, establishing multiple security and intelligence services, and permitting rampant corruption. Meanwhile, U.S. policy maker engagement with Arafat until 2000 focused almost entirely on the conduct of negotiations with Israel and security matters.

Would serious engagement with and pressure on Arafat (whose financial lifeline the United States controlled in the mid- to late-1990s) have compelled the Palestinian leader to permit the development of a more democratic Palestinian Authority? Would Palestinians have responded differently, less violently, to the collapse of negotiations in late 2000 if they had effective means for peaceful political expression? The answers are unknowable, but it is clear that the results of Arafat’s unchecked authoritarianism and mismanagement have been tragic for Palestinians and Israelis.3 The Palestinian case is one in which Arab–Israeli peace and democratization should have been—and still might be—mutually reinforcing policy efforts. So far, neither the pre-2000 strategy of promoting a negotiated solution without meaningful democratization nor the post-2000 strategy of pressing for political reform without offering adequate hope of a negotiated solution with Israel has succeeded.

The case of Egypt is certainly less tragic than that of the Palestinians, but there too the sacrifice of democratization as a policy goal to the priorities of Arab–Israeli peace produced unsatisfactory
results. Military cooperation and economic reform absorbed any political capital left over after Arab–Israeli peace priorities. Throughout the 1990s, promotion of democratization appeared on State Department planning documents as a policy goal in Egypt, and USAID carried out an active program of democracy assistance funded at an average of over $20 million annually. Assistance programs centered on developing nongovernmental and civil society organizations, promoting decentralization of local government, modernizing the judiciary, and improving parliamentary information systems, with smaller programs on strengthening labor unions and promoting education on legal and human rights.

One of the largest single democracy programs in Egypt, the NGO Service Center, demonstrated the problems that result when there is inadequate policy support for sizeable assistance projects. In 1999, after several years of difficult negotiations, the United States and Egypt agreed on the terms for a U.S.-funded NGO Service Center that would offer grants and training to nongovernmental organizations (NGOs). The U.S. Embassy in Cairo and USAID had agreed to unfavorable Egyptian government terms for the center, notably that a board headed by an Egyptian minister would approve the eligibility of all NGO applicants to receive grants, effectively excluding organizations that the government considered too critical or unfriendly. To refuse such terms would have meant a nasty and perhaps public confrontation with the Egyptian government, as well as pulling the plug on a project in which USAID had already invested several years of effort.

Adding insult to injury, in 2000 the Egyptian government passed a law regulating NGOs that was considered extremely restrictive by international standards. The law effectively prevented many NGOs from playing the sort of policy advocacy role for which the NGO Service Center was intended to train them.\(^4\) The U.S. ambassador in Cairo had raised the NGO law quietly with a number of ministers, and the U.S. State Department spokesman even publicly criticized the law, to no avail. In the related cases of the NGO Service Center’s terms and the NGO law, U.S. engagement never went high enough to make a difference, because until 2002 presidential-level communications were devoted almost exclusively to the peace process and strategic issues, with some discussion of economic reform during the mid-1990s.\(^5\)

The U.S. government spent $32.5 million on the NGO Service Center before a policy review in 2004 determined to end the project. Although the Egyptian NGOs who received grants from the center undoubtedly did good work in their communities with the funds and acquired the capability to advocate policy changes, the center could do nothing to help them obtain the opportunity to advocate policy changes within a restrictive Egyptian system. The fault lay not with the center or with USAID, neither of which could reasonably be expected to persuade the Egyptian government to deregulate the NGO domain. It lay with the senior officials who launched such a program but failed to back it up with serious, high-level engagement on the Egyptian government laws and practices that prevent NGOs from playing an effective advocacy role.

In 1999 and 2000, the United States did not engage with Egypt on the need for political reform and instead reserved high-level attention and political capital for use primarily on Arab–Israeli peacemaking. Egypt’s role in the 2000 Camp David talks, however, was hardly a helpful one. In contrast, Bush did raise the need for political reform explicitly and publicly after his April 2004 meeting with Egyptian President Hosni Mubarak, and the Egyptians played an important role in supporting Israel and the United States in talks about Gaza disengagement. The point here is not that raising political reform persuaded the Egyptians to cooperate on the peace process; in fact,
one should avoid such cynical approaches. The point is rather that countries such as Egypt make
decisions whether, how, and when to cooperate on Arab–Israeli peacemaking for their own reasons
and not primarily to punish or reward the United States for what it is doing or not doing regarding
political reform.

If regional peace and democratization can and should be addressed with Arab governments
at the same time, what about concerns that freer expression and more political participation will
make Arab leaders less able to make peace deals with Israel? While realistic, this concern needs to
be kept in perspective. First, on the practical level, the Camp David experience in July 2000 shows
the dangers inherent in attempting to press leaders to sign a deal without adequate development of
a public consensus among Palestinians, Israelis, or other Arabs in favor of the deal. Second, on the
policy level, the United States needs to show it has the courage of its convictions. It must be willing
to put up with the inconvenient vicissitudes of democracy in the Arab world, just as it does in Israel
or Turkey, in the name of a better future for the peoples of the region.

THE POST-2001 CONTEXT

Through a series of speeches and other public remarks by the president, national security adviser, and
secretary of state in 2003 and 2004, and then by highlighting the issue at the 2004 G-8, European
Union, and North Atlantic Treaty Organization summits, the Bush administration put political
reform and democratization on the agenda. President Bush also began to raise the subject in meetings
and press conferences with Arab leaders, notably during visits by Presidents Mubarak and Zine
El-Abidine Ben Ali of Tunisia in spring 2004. As one Bush administration official put it, “the old
bargain of choosing stability over change is now off; we’ve opened the conversation about the need
for change.” The question then becomes how to move beyond the conversation’s opening, or, put
another way, if the old bargain is off, what is the new bargain?

A strategic assumption of the Bush administration that complicated the new democracy
promotion effort was the idea that regime change in Iraq was the key to stabilizing and transforming
the region, at least in the short term. Not only did administration officials believe that eliminating
Iraq as a military threat would reshuffle the strategic deck, but they also believed that establishing
a democratic government in Iraq would provide the needed demonstration effect to catalyze change
throughout the Middle East. As President Bush said at an April 13, 2004, press conference during
which he was pressed to justify the war in Iraq: “A secure and free Iraq is an historic opportunity to
change the world.”

The Bush administration acknowledged by its actions (if not its words), however, that it could
not rely on a quick Iraqi transition to democracy as the sole engine of regional change. Since 2002,
several presidential speeches, the Middle East Partnership Initiative (MEPI) launched in December
2002, and initiatives with G-8 and European partners in June 2004 focused on promoting political,
economic, and educational change, as well as women’s rights. Although some questions remain about
the advisability of such high-profile initiatives, still more questions focus on their viability, especially
on the gap between the high-flown rhetoric and the relatively modest funds and program goals of the
initiatives. Something is missing in the middle: a strategy that connects rhetoric to reality and shows
a pathway to integrating democracy with other goals in the region.
Several practical problems impede development and implementation of such a strategy. Presidential enterprises such as the BMENA initiative unveiled in June 2004 have the advantage of drawing attention to a problem but the disadvantage of absorbing tremendous amounts of bureaucratic energy and funding without necessarily producing commensurate results. In addition, officials at the State Department and embassies overseas—who would have to put the meat on the bones of country strategies—are much better at dealing with crises and short-term problems than they are at pursuing long-term policy priorities or at seeing either challenges or opportunities out on the horizon. In fact, many are so overworked that they can barely see beyond the next congressional testimony or high-level visit for which they must prepare.

Finally, those designing assistance programs face the practical problem of needing to spend the funds allocated for democracy promotion, whether or not they are able to do so in a way that supports policy goals, which themselves remain poorly defined. USAID and MEPI have understandably chosen to work in areas such as civil society, local government, judicial reform, and women’s rights that seemed the easiest and least sensitive. There has been little assessment of areas in which reform would be the most meaningful, which must be determined on an individual country basis, and few attempts to coordinate policy engagement and assistance programs with a view to making progress in those areas.

COMPONENTS OF A REGIONAL STRATEGY

The first component of an integrated regional strategy would be to work the two overarching issues of regional peace and internal reform at the same time and with equivalent amounts of energy. Regional peace and reform at times can reinforce each other. Palestinian reform is the clearest example, but one might also recall how Arab states’ economic reforms in the mid-1990s led to expanded commercial ties with Israel. As a key part of securing regional peace, U.S. administrations will have to continue to devote enormous resources to stabilizing and rebuilding Iraq. At times, peace and reform can also conflict as policy goals in the short term, but each is too important to be postponed until a breakthrough on the other.

The United States can pursue peace and reform because governments in the region generally make decisions about whether or not to cooperate with U.S. peacemaking—or military or counterterrorism efforts—based on a calculation of their own interests rather than a desire to do the United States a favor. They will do so even if they are annoyed by U.S. calls for reform. The one exception to this would be an extreme case in which a government believed the United States was actively trying to undermine it or support its overthrow, situations in which the United States should not find itself with any regional ally.

An idea from the late Israeli prime minister Yitzhak Rabin (at that time, referring to peace and terrorism) would be good advice: Pursue peace as though there were no democratization, and pursue democratization as though there were no peace. In other words, the U.S. government should pursue reform and democratization as policy goals in the first instance without worrying excessively about tradeoffs with other goals. U.S. officials should ask themselves whether such trade-offs are truly necessary or just a matter of avoiding inconvenience and confrontation. If reform and democratization have become real policy goals, U.S. officials must be willing to take some risks on their behalf.
As part of pursuing regional peace and reform as equally important goals, the United States should also continue to pursue democratization in Arab countries no matter what happens in Iraq. A democratized and prosperous Iraq would certainly have an important and positive influence, but that outcome is not yet certain and might be years away. At the same time, there is no reason for the U.S. government to adopt a defeatist attitude in the face of claims that the U.S. role in Iraq negates U.S. credibility in promoting democracy. In fact, although many Arab governments and reformers have rejected the U.S. government as the messenger of reform and democratization, the message itself has resonated broadly and provoked productive debates across the region about the nature of reforms needed.

The United States should also make reform a consideration in its military and counterterrorism relationships. Even before the recent press for democratization in the region, the United States faced a complicated set of legal and human rights issues regarding military or security assistance and sales of equipment. While observing those limitations, U.S. officials should become more alert to whether high-level military or security officials in Arab countries are supporting or undermining indigenous efforts at political and economic reform and make this an important factor in deliberations about what kinds of U.S. assistance are appropriate. In addition, the U.S. government should find ways to incorporate more engagement with and training of foreign military and security officers on subjects related to respect for human and civil rights into its cooperation and assistance programs.

IMPLEMENTING AN INTEGRATED REGIONAL STRATEGY

Formulating a strategy to promote reform and democratization as one of several core issues is a first step, but how can it be implemented on a day-to-day basis? First, it will be important to differentiate what can be accomplished regionally from what must be done country-by-country. Regionwide efforts such as the G-8’s BMENA initiative can help inject momentum into the overall movement toward reform. Such initiatives reinforce a developing international consensus that political and economic reforms are inevitable and desirable in the Middle East, emboldening long-silent proponents of reform throughout the region. Many such reformers—Islamists and leftists as well as liberals, and even some government officials—criticize U.S. and international reform initiatives as a way to assert patriotism and oppose aspects of U.S. policy. What is important, however, is that international initiatives help open up political space so that reformers may articulate their own ideas, which are far more relevant than whatever the United States or other foreign actors might propose.

The danger of such regionwide initiatives, however, is that they risk creating motion that substitutes for real progress. A presidential initiative adopted by the G-8 can divert and consume many financial and bureaucratic resources that might be more productively spent elsewhere. Even more important, U.S. officials and diplomats can fall (wittingly or unwittingly) into the trap of engaging with Arab governments primarily on whether or not those governments participate in activities related to the initiative (agreeing to attend or even host a ministerial meeting of the Forum for the Future, for example), rather than on whether the government in question is carrying out meaningful reforms at home. Most of the serious work of promoting political and economic reform can only be done privately and bilaterally. This is precisely the sort of difficult work that the United States is only now beginning to undertake.
In approaching the region, the United States should pursue reform and democratization with every country, although the specific issues to be raised, the modes of engagement with government and nongovernment actors, and the kinds of influence the United States can bring to bear will differ significantly from one country to another. Pursuing only softer targets (countries with governments already showing a propensity to reform, such as Morocco, or those with whom the United States shares a limited set of interests, such as Tunisia) while ignoring harder targets (close allies such as Saudi Arabia or Egypt) will only rob the policy of credibility and perpetuate the mistakes of the past. At the same time, the United States should be ready to focus effort on special opportunities to promote reform, such as leadership successions or crises, and not miss them as it did with the Palestinians in the 1990s.

If any reform strategy requires engaging with governments in the region, how can the United States do so effectively? First, there should be a commitment to raise relevant issues as needed at all levels of bilateral relationships, from routine meetings held by U.S. embassy second or third secretaries to meetings with heads of state. President Bush broke the ice with the presidents of Tunisia and Egypt in spring 2004, making public statements expressing expectation of reform that were phrased mildly and positively, following more robust private engagement at the working level. If leaders in the region hear concerns about democratization from U.S. ambassadors and their staffs but not from senior administration officials or members of Congress, they will not take the concerns seriously.

Second, U.S. officials need to continue working on striking the right balance between public and private statements on reform and democratization. On the one hand, public statements that are too harsh or make demands that are too specific provoke anticolonial reactions and put Arab governments into corners. On the other hand, a lack of public statements lets governments off the hook. Making reform and democratization a persistent theme in public remarks and phrasing it in a measured and open-minded way helps to put and keep the issue on the regional and international agenda. Most of the serious conversations with governments on contentious issues, however, will need to be conducted in private meetings.

Third, even more important than a written policy strategy is that there are senior officials with direct responsibility for the countries in question who have internalized the strategy and are constantly looking for ways to implement it. Assistant or deputy assistant secretaries of state for the Near East in Washington and ambassadors or deputy chiefs of mission in embassies overseas are best placed to do this. The checklists and talking points for important meetings, approval documents for major assistance programs, and so on—the practical tools by which opportunities to promote policy goals are seized or lost—pass through their hands. Assistant secretaries and ambassadors will need support from working-level officials, such as desk officers and political officers at embassies overseas, who are on top of developments and should be instructed to make strategizing to promote reform and democratization central to their work.

**STEPS TOWARD INDIVIDUAL COUNTRY STRATEGIES**

If the United States needs to integrate reform and democratization on a regionwide basis, it is even more critical that it does so in terms of policy toward each country in the Middle East. Such an
effort would begin with a realistic evaluation of the country’s current situation regarding reform and democratization, including the sort of reforms most in demand by the population and the degree of will to reform on the part of the government. In a few cases (for example, Iraq and Palestine at present), the political situation may be unstable or in crisis, leaving open the possibility for a far-reaching transition. In most countries, there is an entrenched autocratic system; the government might have shown some willingness to modernize institutions or even to liberalize political and economic life to a limited extent, but not to democratize (that is, giving the people the right and ability to change their government). There are difficult questions for the United States to address here in terms of what its goals should be, because history has shown that liberalization does not necessarily lead to democratization.\(^7\)

Once U.S. officials determine which reform steps would be most meaningful and feasible in the current context, they should continue with an inventory of important U.S. interests in the country (military/strategic, counterterrorism/law enforcement, political, economic, commercial) and a realistic—but not defeatist—assessment of the influence the United States possesses. It is important to see clearly the limitations of U.S. influence: Short of the use of military force, the United States generally cannot make things happen in other countries against the will of the host government. But U.S. officials often underestimate or overlook the influence the United States does possess and leave political capital unspent. It is not a matter of coercion, but of using U.S. influence, in coordination with other major donors or trading partners of the country if possible, to help shape the environment in which governments make decisions.

Understanding the kind of influence the United States possesses and how reform fits into the overall scheme of U.S. interests in the country, U.S. officials can then design a program of policy approaches to the government and related assistance programs that addresses the areas where reform would be most meaningful. In doing so, they should avoid undertaking assistance programs in marginal areas simply to use up assistance funds. They should also bear in mind that not only should assistance programs support policy goals, but also policy may well need to support assistance programs at certain junctures (for example, when Arab government policies or practices thwart program success).

As country strategies are implemented and updated over time, it will be important for U.S. officials to think opportunistically as well as strategically and scan the horizon for opportunities for progress, new sources of leverage, and possible problems or complications. State Department officials, busy with the crisis of any given day or week, rarely do this, and USAID officials often plan and commit resources so far in advance that they lack flexibility. The two bureaucratic cultures need to find a middle way to plan strategically but maintain the ability to shift plans to accommodate new developments or take advantage of new opportunities. In addition, Congress needs to permit and support greater flexibility on the part of USAID and the State Department.

**SKETCH OF A COUNTRY STRATEGY: EGYPT**

A country strategy for Egypt must start by acknowledging that there is currently no ongoing process of democratization in Egypt for the United States to assist. After waves of limited political liberalization in the 1970s and 1980s, the 1990s were a time of contraction in political and civil
liberties, due partly to the government’s focus on defeating Islamic extremists. Since 2002, senior members of the Egyptian government and ruling National Democratic Party have expressed support for the idea of gradual and limited political liberalization but so far have taken no significant steps in that direction. A cabinet reshuffle in July 2004 that brought in respected economic technocrats suggested that Mubarak’s primary emphasis would be on revitalizing economic reform, but that he might also undertake some limited political liberalization measures before the 2005 parliamentary elections.

Egyptian reformers—Islamists and leftists as well as liberals—generally agree on the steps most needed to break the political logjam: freeing up political activity and expression, instituting direct election of the president, and amending the constitution to redistribute power from the executive to the legislative and judicial branches. Discussions about political reform are taking place not only in light of the new U.S. focus on the issue, but also in the context of a likely succession in the Egyptian presidency within the next few years.

In terms of interests, the United States depends on Egypt for assistance with military operations in the Middle East and Africa, diplomatic support in Israeli–Palestinian negotiations, counterterrorism cooperation, and Suez Canal transit. The American–Egyptian relationship is close and mutually beneficial, though often troubled by disagreements over regional or domestic Egyptian issues, and the United States would keenly feel the loss (through instability or a break in relations) of Egypt as a regional ally. At the same time, in recent years there has been a growing sense in Washington that the Egyptian leadership’s reluctance to liberalize the economy and polity has prevented the Egyptian people from attaining the prosperity needed to ensure long-term stability. Stagnation in domestic policies over the past twenty years has also eroded Egypt’s ability to exert leadership in the region.

As the primary benefactor of the Egyptian regime for the last quarter century, the United States possesses a great deal of influence but also faces increasing resentment related to its policies in the region. It is also Egypt’s second largest trading partner after the European Union. The United States has made a large and continuing investment in Egypt’s stability and development (over $50 billion in military and economic assistance since 1977), and its military assistance program of $1.3 billion annually is critical to the modernization of the Egyptian armed forces. U.S. economic assistance has been declining gradually in absolute and real terms, projected to decline from approximately $800 million to $400 million during the 1999–2009 period, but still provides a needed supplement to the Egyptian government budget. As part of economic assistance, democracy-related assistance has been funded at roughly $20 million annually since the early 1990s. Bilateral agreements reached in the 1970s give the Government of Egypt extensive control over the use of assistance, making it difficult to promote economic or political reform objectives that go beyond current Egyptian policies.

As discussed above, until recently the United States had democracy-related assistance programs but did not integrate democracy promotion into its policy goals and dialogue with the Egyptian government. Now the United States is adding promotion of political reform and democratization to the existing policy agenda, which includes cooperation with the Egyptian government on Arab–Israeli peacemaking, military cooperation, counterterrorism, and economic reform. Instead of sacrificing political and economic reform in favor of the other goals, as has been done in the past, the United States should assume that Egyptian government officials are rational and will make decisions on all issues based on their calculation of what is in Egypt’s interest.
Considering the influence it possesses, the United States could in theory sacrifice all other interests and press hard for a rapid and probably chaotic transition to democracy in Egypt. Considering the risks associated with instability in Egypt, however, a more realistic choice would be to press for a significant opening of political competition, development of political and civil society organizations, and economic reform. This would create a much freer atmosphere in which the Egyptian people could—should they choose to do so—eventually press their government for full democracy.

Just as critical as integrating political reform and democratization with other policy goals would be integrating policy engagement with assistance programs. Assistance programs can be effective only as part of a coherent policy strategy including active engagement with the Egyptian government on the structural changes in law and practice that political reform demands.

The United States also must consider whether to impose conditions related to political reform on its assistance, a difficult proposition considering that the long-standing assistance program is linked to assistance to Israel. Efforts to impose economic conditions on parts of the assistance programs have sometimes delayed delivery of assistance when Egypt failed to meet agreed benchmarks, but Egypt has generally outlasted the United States and gotten the funds in the end. Rather than imposing political conditions on assistance, a better approach would be working to ensure that U.S. democracy assistance funds are spent only on programs that stand a real chance of promoting meaningful reform.

Specific suggestions for a strategy that integrates policy engagement and assistance include:

• Concentrating in the policy dialogue and in programs on issues that Egyptians have identified as critical: lifting emergency laws, revising laws on forming political parties and regulating NGOs, forming an independent electoral commission and monitoring bodies, and amending the constitution to provide for direct election of the president, term limits, and redistribution of power from the executive to legislative and judicial branches.

• Making major assistance program commitments only in areas where the Egyptian government has demonstrated the will to reform, or in critical areas where the U.S. government is prepared to work hard on persuading the Egyptian government to open up.

• Retaining enough flexibility in the assistance program to be able to respond to opportunities or challenges that arise; that is, avoid committing all the funds to large, multiyear projects.

• Carving out funds that the U.S. government can disburse directly, with the Egyptian government agreeing only to general program guidelines.

• Seeking alternative destinations for funds should the U.S. and Egyptian governments be unable to agree on meaningful programs.

Finally, thinking opportunistically as well as realistically about the potential for reform in Egypt, it is important to focus on the fact that there are important political events unfolding now as Egyptians position themselves for a succession in the presidency. The United States cannot and should not try to force change in Egypt, and all decisions ultimately reside with Egyptians. The United States can, however, use its significant influence to help press for a freer, more liberal political environment in which Egyptians will make important choices about their country’s future.
CONCLUSION

Returning to the questions posed at the outset, it has become clear since September 2001 that the appearance of stability in the Middle East produced by political oppression and economic stagnation was no more than an illusion and did not guarantee U.S. interests, including access to petroleum. The United States can promote regional peace and cooperation on security affairs while also promoting internal reform, because Arab governments will continue to cooperate with the United States when it is in their interests to do so, even if they are annoyed by calls for reform. The United States can and should promote reform in Arab countries no matter what happens in Iraq, because even if many Arabs reject the United States’ moral authority as a messenger of freedom, they accept the message that change is badly needed.

If the United States chooses to integrate political reform and democratization with existing policy goals in the Middle East along the lines described above, what results can it expect? Here it is important to recall that, even in the handful of countries in the region where the United States is influential, U.S. influence is generally indirect. Not only can the United States not force governments to change, but also it cannot control the pace or direction of change once it begins. In many cases, the sort of change and the ways it manifests itself may not suit U.S. tastes perfectly. The most obvious cases with which the United States will have to make its peace are the inclusion of nonviolent Islamists of various stripes in the political process and the role of the increasingly competitive (if not truly market-driven) and critical Arabic satellite media.

At present, the task for the United States is to find ways to seek regional peace, internal reform, and strategic cooperation at the same time, for the most part pursuing each independently but also looking for ways they can reinforce one another. In the future, the United States may face a region in which different points of view and grievances against U.S. policies are expressed more openly and have real consequences for government decision making. This would be a more complex scene, to be sure, but one that offered a better life for peoples of the region and a more healthy and transparent environment in which to promote U.S. interests.
NOTES


4 Although the 2000 NGO law was overturned on procedural grounds, in 2002 the Egyptian government proceeded to pass an even more restrictive law that allows the minister of social affairs to dissolve any NGO without going to court.

5 In August 2002, President Bush wrote to President Mubarak to protest a state security court conviction of Egyptian–American sociologist Saad Eddin Ibrahim in a trumped-up embezzlement case. In April 2004, Bush raised the issue of political reform explicitly for the first time in a press conference following a meeting at Bush’s Crawford ranch.

6 Author’s conversation with White House official, June 2004.


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